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PROBABLE DEVELOPMENTS IN EAST GERMANY THROUGH 1955

THE PROBLEM

To estimate the current situation and probable developments in East Germany through 1955.

CONCLUSIONS

1. We believe that the USSR regards its control over East Germany as essential to the pursuit of its aims in Germany and to the security of the Bloc. For the period of this estimate, the Kremlin will almost certainly not adopt policies or accept proposals which it believes would endanger that control.[1]

2. We believe that the USSR can with its present controls count on the continued subservience of a native regime in East Germany. Although the vast majority of the population is disaffected, widespread outbreaks of popular resistance are unlikely so long as substantial Soviet forces are present.

3. So long as the USSR still hopes to prevent the rearmament of West Germany in alliance with the West, internal policy in East Germany will be influenced by considerations related to the contest for Germany as a whole. The new emphasis on improved living standards rather than on the rapid sovietization of the economy is likely to continue for the present. If West German rearmament begins, there may be an attempt to accelerate the present build-up of East German forces, although this might be limited by economic considerations and by concern for the reliability of these forces. The USSR might also take steps toward a provisional peace settlement with the so-called German Democratic Republic (GDR) and association of the latter with the mutual assistance treaties of the Bloc states.

4. The East German economy has had a slow but steady postwar recovery and by 1952 its gross national product is estimated to have represented about 8 percent of the Bloc total, a larger contribution to total Bloc output than that of any other Satellite. The agreement of August 1953 for termination of reparations, the return of Soviet-expropriated enterprises to East German control, and the reduction of occupation costs, probably represents a decision to reduce the immediate diversion of East German resources to Soviet use in the interest of the longer-term build-up of the East German economy.

[1] See NIE–81, "Probable Soviet Courses of Action with Respect to Germany, through Mid-1954," paragraph 8, in which with respect to the withdrawal of Soviet forces from East Germany it is stated that: "It is conceivable that at some stage the Soviet leaders might withdraw all Soviet forces from East Germany, if they were convinced that such a step would lead to the withdrawal of all US forces from Europe and would create conditions favorable to the imposition of Soviet control over all of Germany. This is only a remote possibility, at least for the period of this estimate, but we believe it cannot be excluded entirely."

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5. Soviet ground forces in East Germany number 415,000 men. Since June 1953 the USSR has withdrawn six regiments of IL–28 jet light bombers and one IL–28 reconnaissance regiment, which constituted an important striking force. Stockpiles of combat supplies have been increasing steadily, and it is estimated that these are now sufficient to support present forces in combat for four months. East German forces, composed mainly of ground forces, have a present estimated strength of about 140,000. Because of their political unreliability and limited training these forces could play only a limited combat role and would probably be assigned to support and/or security duties.

DISCUSSION

I. EAST GERMANY IN SOVIET POLICY

6. Since 1945 East Germany has been an important element in the total Soviet power position relative to that of the West. The occupation of East Germany has enabled the USSR to retain an advanced military position in the heart of Europe. East Germany has provided the Bloc economy with substantial economic assets, particularly in key industrial goods. It has given Communist power a political bridgehead from which to pursue its aim of subjugating all Germany, or failing that, of preventing the great resources of the German nation from being added to the power of the Western alliance.

7. We believe, therefore, that the USSR regards its control over East Germany as essential to the pursuit of its aims in Germany and to the security of the Bloc. For the period of this estimate, the Kremlin will almost certainly not adopt policies or accept proposals which it believes would endanger that control.[2]

[2] See NIE–81, "Probable Soviet Courses of Action with Respect to Germany, through Mid-1954," paragraph 8, in which with respect to the withdrawal of Soviet forces from East Germany it is stated that: "It is conceivable that at some stage the Soviet leaders might withdraw all Soviet forces from East Germany, if they were convinced that such a step would lead to the withdrawal of all US forces from Europe and would create conditions favorable to the imposition of Soviet control over all of Germany. This is only a remote possibility, at least for the period of this estimate, but we believe it cannot be excluded entirely."

II. POLITICAL DEVELOPMENTS

Current Situation

8. Since the establishment of the so-called German Democratic Republic (GDR) in 1949, the USSR has reduced its overt control mechanisms in East Germany and enhanced the apparent independence of the local regime. These measures, including the appointment of a civilian High Commissioner in May 1953, have been intended to parallel developments in West Germany and to give the GDR the appearance of equality with the Federal Republic as a spokesman for German opinion. The East German regime remains nevertheless under effective Soviet control with respect to all its major policies and actions.

9. The Socialist Unity Party (SED) possesses a monopoly of key government posts and is the principal instrument of Soviet control. Although its mass membership includes many opportunists and unreliable elements, its top leadership is composed of Communist professionals long in Soviet service. We believe that the USSR can with its present controls count on the continued subservience of a native regime in East Germany.

10. The other East German political parties are puppet organizations which are maintained for show-window purposes and as a means of indirect control over non-Communist segments of the population. Their memberships are small and their funds are supplied in part by the SED. They have no capability for independent political action.

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11. The popular support which the East German regime enjoys is probably limited to its immediate beneficiaries in the SED and a portion of the youth. Anti-Russian sentiment, desire for a reunification of Germany, continuing contacts with the West, and the low scale of living combine to keep the vast majority of the population disaffected. Despite the regime's current efforts to improve economic conditions, it is unlikely that any large part of the East German population can be won to support of the Communist cause.

12. On the other hand, a widely organized resistance capable of effective opposition to the regime does not exist. The open resistance which broke out on June 16–17, 1953, was largely spontaneous. Active participants in the demonstrations have since been subjected to a brutal suppression by the police and the courts. The security police (SSD), which is under close Soviet supervision, is probably capable of detecting and breaking up any subversive organization extensive enough to constitute a danger to the regime. The knowledge that Soviet troops can and would be used to enforce the authority of the regime if necessary constitutes an important deterrent to new outbreaks of mass resistance. However, if Soviet forces were withdrawn, we do not believe that the security organs of the East German regime could be relied upon to control outbreaks of mass resistance.

Probable Developments

13. So long as the USSR still hopes to prevent the rearmament of West Germany in alliance with the West, internal policy in East Germany will be influenced by considerations related to the contest for Germany as a whole. The new emphasis on improved living standards rather than on the rapid sovietization of the economy is likely to continue for the present. Compared to the other Satellites, the percentage of GNP devoted to total investment will probably be lower, and private enterprise in retail trade and in consumer goods manufacture will probably be tolerated to a greater extent. No substantial steps toward agricultural collectivization are likely to be attempted. The present truce in the campaign against the churches will probably be observed, although some pressure on the churches will be maintained. The relaxation of controls over interzonal traffic will probably continue also, although police vigilance against the organization of resistance and against anti-Communist agents will be maintained.

14. We do not believe that any substantial withdrawal of Soviet troops from East Germany is likely during the period of this estimate. The Kremlin might believe that withdrawal of some of its forces would lend support to its present tactics toward the Western alliance, that is, to appear to reduce the threat of war while holding out the prospect of negotiated settlements as an alternative to armed stalemate. Moreover, a small part of present Soviet forces in East Germany would suffice to support the internal security organs of the GDR. However, a major withdrawal of Soviet forces would endanger other important Soviet advantages and interests in East Germany.

15. If West German rearmament is launched, there is unlikely to be any reduction of Soviet forces in East Germany, and there may be an effort to accelerate the present build-up of East German forces. The latter might be limited, however, by economic considerations and concern for the reliability of such forces. If a military build-up appeared likely to cause increased economic burdens or an expansion in forced recruitment, the East German regime might seal off East Germany from West Germany and West Berlin by more vigorous measures than any undertaken previously. The USSR might also take steps in the direction of a provisional peace settlement and the association of the GDR with the mutual assistance treaties of the Bloc states.

III. ECONOMIC DEVELOPMENTS

Current Situation

16. In area, East Germany is about half as large as West Germany; its population is about one-third that of West Germany; its industrial resources are only one-fourth and its agricultural resources about one-third those of West Germany.[3] Since 1945 the econ-

[3] For purposes of this comparison, East Berlin is included in East Germany.

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omy, except for agriculture, has been largely reorganized on the Soviet pattern. About 80 percent of its industry, including all heavy industry, has been nationalized and the entire economy is directed by state planning organs. The goals characteristic of the Soviet economy, including sacrifice of standards of living to efforts to force rapid industrial growth, have been adopted.

17. Postwar economic recovery has been steady, although the gains have lagged considerably behind those achieved in West Germany. Industrial production did not reach the 1936 level until 1951 and was estimated at 108 percent of that level in 1952. However, agricultural output still lagged about 15 percent behind prewar. Meanwhile population has increased by 10 percent. Low productivity and Soviet exactions in the form of reparations and occupation costs have kept the scale of living more than 20 percent below prewar levels.

18. The forced assimilation of East Germany into the economy of the Soviet Bloc has been marked by a shift in foreign trade from the West to the East. Although in 1947 East Germany, in accordance with the prewar pattern, still transacted almost 90 percent of its total trade (excluding reparations) with the West, at present more than three-fourths of its trade is with Soviet Bloc countries. Trade with West Germany (including West Berlin) has fallen to less than 5 percent of total foreign trade. At the same time, the composition of trade has been altered in an effort to obtain a maximum contribution to East German and Bloc industrial development.

19. In July 1952 under the slogan of "building socialism" the East German regime began to accelerate the sovietization of the economy. From that date until May 1953, pressure on the remaining private sectors of the economy was increased in an atmosphere of terror and class warfare. New taxes were exacted from private industry and ration cards were denied to certain categories of self-employed and privately-employed persons. Farm produce delivery quotas were increased and pressure was applied to farmers to accept the newly inaugurated program looking toward the collectivization of agriculture. Higher work norms were imposed on labor. These forcing measures resulted in a rapid increase in the flow of refugees to the West (about 330,000 from July 1952 through June 1953) and finally in the riots and demonstrations of June 1953.

20. Even before the riots, the regime had recognized that the increased pressure was bringing new strains rather than accelerating growth, and had taken steps to moderate its course. On 9 June it inaugurated a "new course" which revoked most of the harsh measures of the preceding year and promised a reduction in the rate of investment in heavy industry as well as an increase in the production of consumer goods. Private trade and industry were encouraged and the pressure on private farmers was also eased. The drive to form new farm "cooperatives" was temporarily abandoned. Some improvement in the standard of living of the population has in fact followed in the form of wage increases, price reductions, and increased availability of food and consumer goods. However, there have recently been indications that some restrictive measures are being reimposed. Plans for 1954 call for a reduction of investment in heavy industry and for increasing investment in light industry and energy production.

East German Contributions to the Soviet Bloc

21. Soviet takings from the East German economy have probably averaged close to two billion dollars annually in occupation costs, in reparations, and from German enterprises seized by the USSR. However, the Soviet–East German agreement of August 1953 provides for termination of reparations, reduction of occupation costs, and the return to East German ownership of enterprises seized by the USSR at the end of the war. If this agreement is implemented, the Soviet exactions will be reduced from about 14 percent to about 8 percent of the gross national product. This easing of the Soviet burden will greatly assist the East German regime in fulfilling industrial expansion programs and in improving the scale of living. By sacrificing some of its

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direct takings the USSR may over the longer term increase the value of East Germany as a productive factor in the Bloc.

22. Even at present, the East German economy surpasses that of the other European Satellites in total output and in ratio of industrial production to total GNP. In 1952 the East German GNP is estimated to have represented about 8 percent of the Bloc total, and to have equalled about 14 percent of the Soviet GNP.

23. The value of the East German economy to the Bloc is even more significant in qualitative than in quantitative terms, for East German exports to Bloc states are concentrated in industrial goods which support Bloc programs of industrial expansion. Thus in 1952 the machinery construction industry contributed about one-third of these exports, chemicals constituted about one-fifth, and electrical engineering products and precision equipment about one-fifth. Moreover, in certain of the key items in these fields East Germany's production constitutes a substantial percentage of total Bloc production, for example, 16 percent of machine tools, 16–18 percent of turbines and transformers, and 22 percent of synthetic rubber.

24. Armaments production in East Germany is still on a relatively small scale. However, it covers a wide range of items, including vehicles, parts for artillery and aircraft, small naval vessels, light weapons, ammunition and explosives, and various instruments. By mid-1953 extensive preparations had been made for the assembly line production of aircraft, artillery, and tanks, but these programs seem to have been stopped abruptly after the June revolt. The aircraft program apparently was sufficiently advanced so that production could be resumed on fairly short notice.

25. Ore from the East German mines is estimated to provide approximately 50 percent of Bloc production of uranium. While the USSR's atomic energy program could probably be supported from sources elsewhere in the Bloc, the USSR will almost certainly wish to continue its rapid and large-scale extraction of uranium ores from East Germany in order to accumulate maximum reserves within the boundaries of the USSR. For the period of this estimate, uranium ore extraction will almost certainly continue at least on its present scale.

26. It is probable that the Soviet termination of reparations and the return of Soviet-expropriated enterprises represent a decision to reduce the immediate diversion of East German resources to Soviet use in the interest of the longer-term build-up of the East German economy. Since such a policy resembles in many respects that being followed in other Bloc states, and is compatible with the apparent Soviet intention to retain East Germany as a member of the Bloc, we believe that the "concessions" made in the Soviet–East German agreement of August 1953 will be largely fulfilled. Although occupation troops and the cost to the East German state of the uranium mining enterprises (Wismut A. G.) will still constitute a heavy burden, it is estimated that the economy can maintain an annual rate of growth of about 4 percent during the period of this estimate.

27. The promises of continued improvements in the scale of living in connection with the "new course" could be made good in considerable degree from Bloc resources alone, although it is unlikely that standards of living would approach those in West Germany. Thus far improvements have been due to emergency shipments from the USSR and releases from reserve stocks. Further improvements or even continuation of the present gains will depend largely on the extent to which the East German regime expands consumer goods industries and increases agricultural production, on a further expansion of its trade within and/or outside the Bloc, and on better terms of trade with the Bloc.

28. Agriculture will probably continue to lag, however. Not only is production still well below prewar levels, but the population is about 10 percent larger than prewar. Moreover, despite some concessions to farmers under the "new course," the regime is unlikely, because of the doctrinal commitment of Communism to collectivization, to adopt measures which

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would induce the farming population to increase production greatly. With about 80 percent of arable lands still in individual farms, any attempt to push the establishment of "cooperatives" would seriously reduce farm production.

IV. SCIENTIFIC DEVELOPMENTS

29. East German scientific capabilities are based on the vigorous German scientific tradition and on extensive research facilities in universities, technical institutes, and industry. Substantial financial support has been provided by the state and centralized direction has been given to scientific effort by the East German Academy of Science and the State Planning Commission. Nevertheless, there has continued to be a severe shortage of scientists and technicians, in part as a consequence of defections to the West, and this shortage is likely to continue over the next several years.

30. In 1952, the USSR began to abandon direct control over East German scientific institutions. Nevertheless, East German scientific effort continues to receive Soviet supervision in the interest of a maximum contribution to Bloc scientific resources. For example, it is estimated that at least 50 percent of all East German electronic and telecommunication research and development is performed directly for the USSR. Significant contributions are also made in optics, photography, radiology, and bio-chemistry. While much of the effort in these fields is potentially important for military purposes, we believe that little work on direct military applications is in progress at present. No major developments in military weapons or equipment are likely within the period of this estimate.

31. Although East Germany makes a substantial contribution in uranium ore shipments, it supplies little scientific support directly to the Soviet atomic energy program. Most of the scientists and engineers taken to the USSR for this program after World War II are still there, but are apparently employed only on the periphery of the atomic energy program. Procurement of instruments and equipment in East Germany continues, but apparently on a lesser scale than in 1949–1951.

V. MILITARY DEVELOPMENTS

East German Forces

32. The creation of national armed forces was a leading feature of the program of "building socialism" announced by the East German regime in July 1952. Within the following six months the over-all strength of the militarized forces was approximately doubled, with most of the increase taking place in the ground forces. During the period January to June 1953, recruiting activities were curtailed as the existing forces underwent consolidation and reorganization. In the six-week period following the riots in mid-June about 15,000–20,000 men were released. During the last five months (1 August 1953 to 1 January 1954) recruiting for all the militarized forces has proceeded at the rate of about 4,000 men per month. As a result, the present estimated strength of about 140,000 (ground forces – 125,000; including 25,000 border police; naval forces – 8,700; air forces – 6,500) is actually greater than that of 1 June 1953.

33. We believe that a gradual increase in the strength and combat effectiveness of the East German forces will occur. However, political considerations and the amount of resources which the regime can make available under its revised economic programs will continue to be limiting factors. These forces could play only a limited combat role and would probably be assigned to support and/or security duties.

34. *Ground Forces* — The Garrisoned People's Police (KVP) is organized into two corps and a Berlin Area Command. The latter consists of one mechanized division and headquarters units. Each corps is made up of one mechanized division, two rifle divisions, and supporting elements. Soviet advisors are present at all levels from regiment upwards. Division-level training exercises scheduled for the summer of 1953 were disrupted by the June riots and no exercises higher than battalion level are believed to have been conducted. The Border Police (GP) are lightly armed and trained in small unit tactics.

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35. *Naval Forces* — The naval forces operate 10 patrol vessels, 8 minesweepers, and thirty-odd service craft. Plans have been made to increase the number of vessels and to organize a naval air arm by 1955. However, no large increase in strength is expected. The naval forces may be given additional responsibilities in coastal defense over the next two years.

36. *Air Forces* — The East German air forces, recently redesignated the "Association of Aero Clubs" (VdA), is organized into one fighter division composed of three regiments. The authorized aircraft strength of this organization is 150, with a current actual strength estimated to be only 20 training type aircraft (YAK–18). Operational training in MIG–15's was in progress prior to the June riots, but since that date these aircraft have been withdrawn. Currently, the VdA has no combat capability.

Soviet Forces in East Germany

37. Soviet ground forces in East Germany number 415,000 men (including 15,000 security troops) and are organized in 22 line divisions (4 mechanized and 2 rifle armies) supported by 2 artillery and 9 antiaircraft divisions. These forces maintain a high degree of combat readiness. Stockpiles of combat supplies have been increasing steadily, and it is estimated that these are now sufficient to support present forces in combat for four months.

38. Soviet naval forces stationed in East Germany are small, as most Soviet naval vessels in the area operate from Polish bases. However, there is a group of 8 minesweepers normally based at Sassnitz, and a detachment, comprising 4 to 8 coastal minesweepers and 12 minesweeping boats based at Warnemuende. Naval air forces in East Germany consist of one jet fighter regiment (40 aircraft) based at Peenemuende.

39. The estimated authorized (T/O and E) aircraft strength of the 24th Soviet Tactical Air Army stationed in East Germany is 1,100 aircraft, including 700 jet fighters, 250 piston type attack, 90 transports, and 60 piston type reconnaissance aircraft. Current actual strength is about 85–90 percent of the above. The withdrawal of 6 IL–28 equipped bomber regiments and one IL–28 reconnaissance regiment from their East German bases, during the summer of 1953, leaves this force without the jet bomber types, which constituted a significant striking force. It is believed that the units withdrawn are now based in Western USSR, but it is not known whether they have been permanently resubordinated to other air armies in the Soviet border area.

40. The USSR, in developing its European Satellite airfield program, placed major emphasis upon the East German complex to assure itself of a highly developed advanced European base for air operations. During 1953 this East German program apparently reached a peak and the pace of construction has now slackened. Of the approximately 64 airfields in this area, 15 are suitable for sustained operations of heavy and medium bombers, jet fighters and jet light bombers, while 15 others are suitable for limited bomber operations and sustained jet fighter operations. A significant development since early 1952 has been the construction of 4 large "forest clearing" airfields in the proximity of the West German border. Such airfields could be utilized for a variety of purposes, one of which might be airhead operations. During the period of this estimate some new runway construction in East Germany will be undertaken and existing facilities will be improved; it seems probable, however, that the major Soviet airfield effort in the European Satellites has shifted from East Germany to Poland.

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